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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 001598

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E.O. 12958: DECL: 12/14/2013

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SUBJECT: A VISIT TO CHINA'S BURMESE PROVINCE: MONGLA AND
KYAINGTONG

REF: RANGOON 1339

Classified By: COM CARMEN MARTINEZ FOR REASONS 1.5 (B,D)

1. (C) Summary: Some clear themes emerged from a trip to the Burmese corner of the Golden Triangle. The area's cities are relatively affluent, thanks to border trade. However, this affluence, combined with low education levels, poor healthcare, and very little international attention, has helped this region to become a locus of social problems such as prostitution, HIV/AIDS, and trafficking of women. Though the region is notorious for opium, it seems narcotics production is waning, though peddling and drug use remain a problem. Finally, the increasing influence of China, to include a renminbi-denominated border economy, is a trend that will remain for the long term. End summary.

Background: The Wild East

2. (U) In an effort to assess the social and economic conditions in Burma's border regions, in early December two Embassy officers visited a mountainous corner of eastern Shan State, the country's largest administrative region, smack in the middle of the Golden Triangle near the Chinese, Thai, and Lao borders. This part of Shan State is still primarily wild and inaccessible, with few roads and very little other infrastructure. It is also a region with close ethnic ties to Thailand and China. Though its largest single ethnic group is Akha, the majority of people are of various Tai subgroups or ethnic Chinese. The area is also quite diverse religiously, with Christians comprising approximately 40 percent of the population. There is also a small Muslim community and many animists in the hills.

3. (U) As with other border zones in Shan State (see reftel), this area of eastern Shan State -- made up of Kyaingtong, Tachileik, and Mongla townships -- relies far more on its foreign neighbors than on the Burmese regime in Rangoon. The road west to the Shan capital of Taunggyi and the main Mandalay trade route is long and hard, passing through very rough, mountainous, and dangerous terrain. The roads east to China and south to Thailand are, to the contrary, very good. Thus it is no surprise that it is its geographic, not legal, identity that defines this region. In fact as we reached Mongla, the absence of ethnic Burmans, the almost exclusive use of spoken and written Mandarin, and the renminbi economy suggested that we had crossed the border into China.

Affluence But Many Social Problems

4. (U) Kyaingtong, the hub of the three townships, is more affluent than most towns of equivalent size elsewhere in Burma. Tachileik, to the south, is the major point in Shan State for legal Thai-Burma border trade. Although Mongla, to the northeast, is not yet an official China border trade crossing point, many products, primarily consumer goods, come in illicitly through the extremely porous and rugged frontier. Farmers bringing their produce to market in Kyaingtong find they can get somewhat better prices because traders there are often buying for export to China and Thailand. Likewise, border towns Tachileik and Mongla enjoy regular electricity and phone service, a luxury in the rest of Burma, purchased from over the border.

5. (C) However, the region's comparative affluence, and proximity to international borders (which attract many jobless from around the country), combined with the region's remoteness, generally poor infrastructure, and low education levels have led to some serious social consequences. Religious, UN, and NGO officials all point to this Golden Triangle area as a hot zone for HIV/AIDS and trafficking in women. Unfortunately, though, there has not yet been much international attention to this area. A Catholic priest in Kyaingtong told us he had been unable to raise even US\$10,000 from international charities he'd contacted for grassroots HIV/AIDS care and income generation projects to dissuade women from going to Thailand for sex work. Currently only U.S.-based NGO World Vision and a skeleton UNDP office provide humanitarian aid out of Kyaingtong, and their

operations were criticized by locals for having too much overhead and too little grassroots impact.

16. (C) Anecdotes from community leaders in Kyaingtong and UNDP officials in Rangoon indicate that movement of young women, voluntarily or otherwise, through Tachileik into Thailand for sex work is a serious problem. Interestingly, these girls are not primarily local, but originate from the poorest parts of Burma and travel or are trafficked to the Thai border area to work in brothels on both sides of the frontier. Prostitution, and HIV/AIDS, are also present in Mongla, though the girls are generally imported from Yunnan Province. The consensus was that the trafficking and prostitution situation would worsen if the Rangoon government continued to tighten border trade restrictions, hurting local economic prospects, and if the country's general economic situation continued to decline, enticing girls to make the long trek to look for work.

Drug Free Zone?

17. (C) Though the Golden Triangle region is historically notorious for cultivation of opium poppies, we heard mixed reports on the extent of current drug production and use. According to UN officials and local businessmen in Mongla, a boomtown built with drug proceeds in the mid-1990s, poppy cultivation in the immediate region has decreased and methamphetamines have not caught on. Both pointed north, to the Wa region, when discussing current centers for opium and methamphetamine production. However, community leaders in Kyaingtong asserted that drug use and peddling were a growing problem in town. A Catholic priest noted he had expelled in 2002 two boarders at his mission's orphanage for selling drugs in the dormitory. The priest added that low-level drug pushing is an increasingly common fall-back profession for young men who lose their jobs in construction or trading.

18. (SBU) Poppy-substitution agricultural projects, in early stages of development, were evident outside poverty stricken villages along the 60-mile Kyaingtong-Mongla road. As in northeastern Shan State (refel), the crops produced along this stretch (mangoes, rubber, lychees, and other cash crops) are destined for the Chinese market. Other non-drug economic potential in the region is not so clear. Mongla's incongruous and flashy casinos and hopping nightclubs are surely generating some cash, though not for locals since nearly all the employees in these joints are short-term Yunnanese migrants. Furthermore, business is terrible because of a recent Chinese government effort to keep its citizens out of the casinos by limiting tourists to short day trips. Thus hundreds of Chinese tourists per day visit Thai transvestite revues, a shocking pink anti-drug museum, a Thai-owned jade emporium, and an atrocious zoo, but are steered clear of the casinos. We heard claims of other economic benefits coming from nearby jade and manganese mines, and an ore processing factory in Mongla -- though these seem marginal.

Politics: Let's Just Make Money

19. (C) There is an interesting political mixture in this region. Though Kyaingtong and Tachileik have more dealings with China and Thailand, they are still ostensibly under the control of the Rangoon government and its military. Mongla and the surrounding cease-fire-delineated Special Region Four, on the other hand, are squarely the domain of the National Democratic Alliance Army-Eastern Shan State (NDAA-ESS) and its long-time leader Lin Minxiang (aka U Sai Leun, aka U Sai Lin). For the last thirty miles to the border, and throughout Mongla, we did not see a single Burmese government entity, including at the Chinese border checkpoint, other than a ramshackle immigration office in Mongla and two public schools. In contrast, there was a modern, multi-story building housing the Chinese PLA border presence. The Chinese operation was very professional in appearance, with several uniformed PLA soldiers in evidence on their side of the checkpoint, including one standing at attention on a raised dais.

110. (C) The political temperature in both Kyaingtong and Mongla was low, with people focused more on border trade than politics in Rangoon. Locals we approached were willing to speak openly and at length about regional economic and social conditions. Religious affairs appeared in relatively good shape. The Christian leaders with whom we spoke told us while they were officially constrained by Burma's pro-Buddhist regulations, they were nonetheless able to operate quite freely on the sly to renovate buildings, build small new structures, and provide religious education. A priest told us that the Ministry of Religious Affairs had, a decade ago, even ruled in the Catholics' favor in a boundary dispute with a neighboring Buddhist temple. In the early morning hours we heard the call of the muezzin from Kyaingtong's mosque.

111. (C) Our contacts had little to say about the upcoming

SPDC-managed National Convention. An FBIS-translated article from a Shan opposition group's news agency claimed that the leadership of Mongla was in a low-level dispute with Rangoon authorities over the make up of Special Region Four's delegation to the new Convention. We also learned that in the first Convention in 1993 Mongla's delegation had pushed for autonomy. However, the central government refused, citing an obscure regulation requiring an autonomous zone to have at least two townships -- Mongla has only one. Apparently this request will be raised again in the new Convention, though the same result is expected.

Comment: The Long Arm of China

12. (C) The most notable aspect of these trips to the Shan border is how quickly the bonds of central Burmese control are slipped, and how easily these ostensible Burmese towns identify with their foreign neighbors. This is most noticeable in the ethnic cease-fire zones that have some legal autonomy. However, even the towns under Burmese control -- like Kyaingtong, Tachileik, and Muse in the north -- identify osmotically with the booming markets across the border rather than the depressed markets of central and lower Burma. This reality makes it clear that Rangoon's relations with ethnic groups along the border now and in the future will not just be about political-military issues, but also about economic influence.

Martinez